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China Golden Classic Group Limited

中國金典集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8281)

2023 FIRST QUARTERLY RESULTS ANNOUNCEMENT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of China Golden Classic Group Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023 (the “Period”) together with comparative figures for the three months ended 31 March 2022 (the “Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

		Three months ended	
		31 March	
	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Turnover	2	66,018	59,724
Cost of sales		(41,675)	(38,960)
Gross profit		24,343	20,764
Other income		1,116	648
Selling and distribution costs		(12,346)	(12,794)
Administrative expenses		(13,499)	(12,845)
Finance costs		(131)	(248)
Loss before tax		(517)	(4,475)
Income tax credit	3	1,548	403
Profit (loss) for the period	4	1,031	(4,072)
Other comprehensive expense for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(165)	(285)
Total comprehensive expense for the period attributable to owners of the Company		866	(4,357)
Earnings (loss) per share			
Basic and diluted (<i>RMB cents</i>)	5	0.09	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Share capital	Share premium	Capital reserve	PRC statutory reserve	Translation reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 (audited)	8,606	74,386	15	42,898	1,798	132,497	248,016
Profit for the period	-	-	-	-	-	1,031	1,031
Other comprehensive expense for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(165)	-	(165)
Total comprehensive (expense) income for the period	-	-	-	-	(165)	1,031	866
At 31 March 2023 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,898</u>	<u>1,633</u>	<u>133,528</u>	<u>261,066</u>
At 1 January 2022 (audited)	8,606	74,386	15	42,899	1,756	120,354	248,016
Loss for the period	-	-	-	-	-	(4,072)	(4,072)
Other comprehensive expense for the period:							
Exchange difference arising on translation of foreign operations	-	-	-	-	(285)	-	(285)
Total comprehensive expense for the period	-	-	-	-	(285)	(4,072)	(4,357)
At 31 March 2022 (unaudited)	<u>8,606</u>	<u>74,386</u>	<u>15</u>	<u>42,899</u>	<u>1,471</u>	<u>116,282</u>	<u>243,659</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 31 March 2023

1. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

China Golden Classic Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange on 8 July 2016.

The principal activity of the Company is investment holding during the period. The subsidiaries of the Company are principally engaged in the manufacture and trading of oral care, leather care and household hygiene products.

The unaudited condensed consolidated financial information (“Financial Information”) of the Company and its subsidiaries (collectively as the “Group”) for the three months ended 31 March 2023 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information of the Group should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended 31 December 2022. The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 were consistent with those applied for the financial statements of the Group for the year ended 31 December 2022.

The functional currency of the Company and its principal subsidiaries is Hong Kong Dollar (“HK\$”) or Renminbi (“RMB”). As the Group mainly operates in the People’s Republic of China (“PRC”), the directors of the Company (“Directors”) consider that it is appropriate to present the Financial Information in RMB.

2. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (1) Oral care products segment reports manufacture and sales of oral care products including functional toothpaste, mouthwash, oral spray and toothbrush.
- (2) Leather care products segment reports manufacture and sales of leather care products including leather shoe care products and leather clothing care products.
- (3) Household hygiene products segment reports manufacture and sales of household hygiene products including surface cleaners, laundry care products, toilet care products and mould proof products.

Segment revenue

Segment turnover represents revenue derived from the sales of oral care, leather care and household hygiene products.

During the three months ended 31 March 2023, all revenue were recognised at a point in time upon delivery.

The following is an analysis of the Group's revenue by reportable and operating segments.

For the three months ended 31 March 2023 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>23,486</u>	<u>4,080</u>	<u>38,453</u>	<u>66,018</u>

For the three months ended 31 March 2022 (unaudited)

	Oral care products RMB'000	Leather care products RMB'000	Household hygiene products RMB'000	Total RMB'000
Segment revenue	<u>27,507</u>	<u>3,954</u>	<u>28,263</u>	<u>59,724</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of selling and distribution expenses, administrative expenses, other income and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

3. INCOME TAX CREDIT

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	Three months ended 31 March	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	1,567	–
Deferred tax	<u>(19)</u>	<u>403</u>
	<u>1,548</u>	<u>403</u>

- (a) Pursuant to the rules and regulations of the British Virgin Islands (the "BVI") and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.
- (b) No provision for Hong Kong Profits Tax had been made as the Group did not have any assessable profits arising in Hong Kong for the three months ended 31 March 2023 (2022: nil).
- (c) No provision for PRC Enterprise Income Tax had been made as the Group did not have any assessable profits arising in the PRC for the three months ended 31 March 2023 (2022: nil).
- (d) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25%.

- (e) One of the Company's subsidiaries registered in the PRC is recognised as a High and New-technology Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 15% for the three months ended 31 March 2023 (2022: 15%).
- (f) One of the Company's subsidiaries registered in the PRC is recognised as a Small and Low Profit Enterprise which has been granted tax concessions by the local tax bureau and is entitled to PRC Enterprise Income Tax at concessionary rate of 5% for the three months ended 31 March 2023 (2022: 5%).

4. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Three months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	2,859	3,375
Depreciation of right-of-use assets	312	112
Cost of inventories recognised as expenses	<u>41,675</u>	<u>38,960</u>

5. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the period attributable to the owners of the Company is based on the following data:

	Three months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit (loss) attributable to owners of the Company	<u>866</u>	<u>(4,072)</u>

Number of shares

	Three months ended 31 March	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Weighted average number of ordinary shares in issue	<u>1,000,000</u>	<u>1,000,000</u>

Note: No diluted loss per share is presented for the three months ended 31 March 2023 and for the corresponding periods in 2022 as the Group had no potential ordinary shares outstanding.

6. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Period, the Group recorded (i) a turnover of approximately RMB66.0 million, representing an increase of approximately 10.5% compared with the Last Corresponding Period; and (ii) a net profit of approximately RMB1.0 million, reflecting a difference of approximately RMB5.1 million as compared to the net loss of approximately RMB4.1 million for the Last Corresponding Period. The Group's net profit margin was approximately 1.6% during the Period, representing a difference of approximately 8.4%, compared to net loss margin of approximately 6.8% for the Last Corresponding Period. On the other hand, the Group's overall gross profit margin increased from approximately 34.8% for the Last Corresponding Period to approximately 36.9% for the Period.

The net profit was mainly attributable to the increased sales volume and gross profit margin of household hygiene products.

PROSPECTS AND OUTLOOKS

The second quarter of 2023 is expected to be full of opportunities and challenges.

On the one hand, the impact of the epidemic on China's economy has gradually ended, and the probability of negative impact on the Group's supply chain is low, the Group will take the opportunity to further expand the market share of our products.

On the other hand, the global economic uncertainties remain elevated, the consumption power is expected to be affected. Furthermore, starting from 1 May 2023, all cosmetics labels shall be implemented in accordance with the Administrative Measures for Cosmetics Labeling (化妝品標籤管理辦法) no later than 1 May 2023, and all the toothpastes should complete the record filing according to the Regulation on the Supervision and Administration of Toothpaste (牙膏監督管理辦法) which will be launched on 1 December 2023. The changes in regulations in the PRC added uncertainty to the promotion and sales of our oral care products.

In response to the challenges, the management of the Group has formulated the following strategies to strengthen our product competitiveness:

- (1) Set up a special team to be responsible for toothpaste record filing;
- (2) Further strengthen the ability of our regulatory department, and actively communicate with the relevant government authority to ensure that our products and their labeling comply with the Administrative Measures for Cosmetics Labeling, Regulation on the Supervision and Administration of Toothpaste and other applicable laws and regulations from time to time;

- (3) Further enhance our products production and technological leadership, especially oral care products; and increase our market share by taking advantage of the opportunity of small and medium-sized toothpaste manufacturers gradually withdrawing from the market because they cannot meet new requirements in the PRC.

The Directors believe that the above measures can further increase our market share and contribute more value to shareholders.

RESULTS OF OPERATION

The turnover for the Period was approximately RMB66.0 million, representing an increase of approximately 10.5%, as compared with approximately RMB59.7 million for the Last Corresponding Period. During the Period, the Group recorded a net profit of approximately RMB1.0 million, while for the Last Corresponding Period, the Group incurred a net loss of approximately RMB4.1 million. The basic earnings per share were RMB0.09 cents for the Period while the basic loss per share was RMB0.41 cents for the Last Corresponding Period.

Turnover

The Group recorded a total turnover of approximately RMB66.0 million for the Period, representing an increase of approximately RMB6.3 million or 10.5% as compared with approximately RMB59.7 million for the Last Corresponding Period. The increase in turnover was mainly attributable to the increased turnover from our segment of household hygiene products. The turnover from our household hygiene products segment was approximately RMB38.5 million for the Period, representing an increase of approximately RMB10.2 million or 36.1% from approximately RMB28.3 million for the Last Corresponding Period. Such increase was mainly due to (i) the increased purchase orders from distributors as a result of the recovery in the Period from the situation in December 2022 where most of the Group's employees were infected with COVID-19 due to the lift of pandemic restrictions by the PRC government in the same period, which affected Group's ability in fulfilling purchase orders; and (ii) the gradual recovery of market demand as well as upward economic trend.

However, our segment of oral care products recorded a decrease in turnover of approximately RMB4.0 million or 14.6% from approximately RMB27.5 million for the Last Corresponding Period to approximately RMB23.5 million for the Period. The main reason for the decrease was that the production was slightly affected by the necessary adjustments made to the labelling process of oral care products in order to be prepared for the purpose of complying with relevant requirements with effect from 1 May 2023 under the Administrative Measures on Cosmetics Labelling (《化妝品標籤管理辦法》), which shall apply to oral care products.

The turnover from the Group's leather care products segment increased from approximately RMB4.0 million for the Last Corresponding Period by approximately RMB0.1 million or 3.2% to approximately RMB4.1 million for the Period.

Cost of sales

Cost of sales increased from approximately RMB39.0 million for the Last Corresponding Period to approximately RMB41.7 million for the Period, representing an increase of approximately RMB2.7 million or 7.0%. The increase was mainly attributable to the increase in sales volume for the Period.

Gross profit and gross profit margin

Gross profit increased from approximately RMB20.8 million for the Last Corresponding Period to approximately RMB24.3 million for the Period, representing an increase of approximately RMB3.5 million or 17.2%. The gross profit margin increased to 36.9%, representing a 2.1% increase as compared with 34.8% for the Last Corresponding Period. The increase was mainly attributable to the drop in the price of raw materials and the increased product sales volume.

Selling and distribution costs

Selling and distribution costs incurred for the Period were approximately RMB12.3 million, representing a decrease of approximately RMB0.4 million or approximately 3.5%, as compared with approximately RMB12.8 million for the Last Corresponding Period. Such decrease was mainly attributable to the reduced engagement of sales personnel.

Administrative expenses

Administrative expenses incurred for the Period were approximately RMB13.5 million, representing an increase of approximately RMB0.7 million or approximately 5.1% as compared with approximately RMB12.8 million for the Last Corresponding Period. The increase was mainly driven by the increase in salaries and wages due to salary adjustment and increase in entertainment expenses.

Finance costs

Interest expenses incurred for the Period were approximately RMB131,000, which decreased by approximately RMB117,000 as compared with that of approximately RMB248,000 for the Last Corresponding Period, representing a decrease of approximately 47.2%. It was primarily driven by the drop in the lending rate with respect to the loan provided to the Group.

Profit for the Period

As a result of the foregoing, the Group recorded a net profit of approximately RMB1.0 million for the Period, representing a difference of approximately RMB5.1 million as compared with the net loss of approximately RMB4.1 million for the Last Corresponding Period. Net profit margin for the Period was approximately 1.6%, representing a difference of approximately 8.4% as compared with the net loss margin of 6.8% for the Last Corresponding Period.

DIVIDEND

The Board has resolved not to declare any dividend for the Period (for the Last Corresponding Period: nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not hold any other significant investments, nor did the Group make any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period, and the Group had no future plans for material investments or capital assets as at 31 March 2023.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, are as follows:

Long position in the ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
Ms. Li Qiuyan ("Ms. Li")	Interest of a controlled corporation (<i>Note 1</i>)	575,625,000	57.56%
Mr. Tong Xing ("Mr. Tong")	Interest of a controlled corporation (<i>Note 2</i>)	106,875,000	10.69%

Notes:

1. Ms. Li beneficially owns the entire issued share capital of ChongBo Mary Investment Limited ("ChongBo Mary"). Therefore, Ms. Li is deemed, or taken to be, interested in the shares of the Company held by ChongBo Mary for the purposes of the SFO. Ms. Li is a director of ChongBo Mary.
2. Mr. Tong beneficially owns the entire issued share capital of Tong Xing Holding Group Limited ("Tong Xing Holding"). Therefore, Mr. Tong is deemed, or taken to be, interested in the shares of the Company held by Tong Xing Holding for the purposes of the SFO. Mr. Tong is a director of Tong Xing Holding.

Long position in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the company
Ms. Li	ChongBo Mary	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2023, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, so far as the Directors are aware, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the ordinary shares of the Company

Name	Capacity/nature of interest	Number of shares or underlying shares	Approximate percentage of interest in the Company
ChongBo Mary	Beneficial owner	575,625,000	57.56%
Tong Xing Holding	Beneficial owner	106,875,000	10.69%
Ms. Zhang Li	Interest of spouse (Note 1)	106,875,000	10.69%

Note:

- Ms. Zhang Li is the spouse of Mr. Tong. Accordingly, Ms. Zhang Li is deemed, or taken to be, interested in the shares of the Company held by Mr. Tong for the purposes of the SFO.

Save as disclosed above, as at 31 March 2023, the Directors are not aware of any other persons (not being Directors or chief executives of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders of the Company passed on 17 June 2016. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company. The Scheme will remain in force for a period of 10 years from the date of adoption of such Scheme and will expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting. No share options have been granted pursuant to the Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period was any rights granted to any Director or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or was any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard of dealings and the code of conduct adopted by the Company for the Period and up to the date of this announcement.

NON-COMPETITION UNDERTAKINGS

Each of the controlling shareholders of the Company, namely Ms. Li and ChongBo Mary (together, the “Controlling Shareholders”), entered into a deed of non-competition on 17 June 2016 (the “Deed of Non-competition”). Details of the Deed of Non-competition are set out in the section headed “Relationship with Controlling Shareholders” in the prospectus of the Company dated 30 June 2016 and the non-competition undertaking has become effective from the date of listing of the shares of the Company on GEM (the “Listing Date”). As far as the Directors are aware, as at the date of this announcement, the Controlling Shareholders have not breached any terms under the Deed of Non-competition.

COMPETING INTERESTS

As far as the Directors are aware, during the Period and up to the date of this announcement, none of the Directors or the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) has any interests in a business which competes or may compete with the business of the Group or any other conflict of interest with the Group.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Board proposed to (i) make certain amendments (the “Proposed Amendments”) to the existing amended and restated memorandum and articles of association of the Company (the “Existing M&A”) for the purpose of, among others, conforming to the core shareholder protection standards as set out in the revised Appendix 3 to the GEM Listing Rules which took effect on 1 January 2022; and (ii) adopt the second amended and restated memorandum and articles of association of the Company incorporating and consolidating all the Proposed Amendments (the “Amended M&A”) in substitution for, and to the exclusion of, the Existing M&A.

The Proposed Amendments and the proposed adoption of the Amended M&A are subject to approval by the Shareholders by way of special resolution at the extraordinary general meeting of the Company to be held on Thursday, 18 May 2023 (or any adjournment thereof) (the “EGM”). For further details, please refer to the circular of the Company dated 23 March 2023 containing, among other things, details of the Proposed Amendments as well as the proposed adoption of the Amended M&A and a notice convening the EGM.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee include, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the Company’s external auditor, review the financial information of the Company, and oversee the Company’s financial reporting system, risk management and internal control systems. The Audit Committee comprised of three independent non-executive Directors, namely Mr. Tang Wai Yau (chairman of the Audit Committee), Mr. Ye Jingzhong and Mr. Pan Qingwei.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Period and this announcement with the management and is of the opinion that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices. To the best knowledge of the Directors, the Company has complied with the code provisions in the CG Code for the Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float since the Listing Date and up to the date of this announcement as required under the GEM Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND QUARTERLY REPORT

This quarterly results announcement and the quarterly report of the Company for the Period are available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.goldenclassicbio.com.

By order of the Board
China Golden Classic Group Limited
Li Qiuyan
Chairman

Hong Kong, 15 May 2023

As at the date of this announcement, the executive Directors are Ms. Li Qiuyan, Mr. Tong Xing and Ms. Du Yongwei and the independent non-executive Directors are Mr. Ye Jingzhong, Mr. Pan Qingwei and Mr. Tang Wai Yau.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be posted on the website of the Company at www.goldenclassicbio.com.